

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 SS-20 L-03

H-03 NSC-07 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

RSC-01 USIA-15 PRS-01 SP-03 CIEP-02 OMB-01 STR-08

CEA-02 COME-00 INT-08 TRSE-00 NEA-14 PM-07 DRC-01

TAR-02 AID-20 FEAE-00 /206 W
----- 051530

R 270928Z JUN 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 376

INFO AMEMBASSY CANBERRA

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: EMIN, EPRD

SUBJ: COPPER: CIPEC MINISTERIAL CONFERENCE

REF: LUSAKA 1333 (NOTAL)

1. CIPEC CONCLUDED ITS THREE-DAY MINISTERIAL CONFERENCE, HAVING MARCHED UP THE PRICE FIXING HILL AND DOWN AGAIN. CONTRARY TO EXPECTATIONS AND ADVANCE STATEMENTS OF INTENT, CONFERENCE FAILED TO AGREE ON A SYSTEM OF PRICE STABILIZATION FOR COPPER. IT SET UP AN INTERGOVERNMENTAL SPECIAL COMMITTEE TO QTE IMPLEMENT THE DECISIONS TAKEN IN THIS FIELD UNQTE, WHICH HAS BEEN UNOFFICIALLY TRANSLATED TO MEAN FINDING WAY OF IMPLEMENTING DECISION IN PRINCIPLE TO DO SOMETHING ABOUT

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TRANSFERRING CONTROL OVER PRICES FROM LONDON METAL EXCHANGE

TO PRODUCERS.

2. CIPEC MADE INTENSIVE EFFORTS ENLIST OTHER COPPER EXPORTERS, BUT MADE IT CLEAR CIPEC HAD NO INTENTION OF CHANGING ITSELF INTO A PRODUCER/CONSUMER ORGANIZATION, OR LETTING OTHER MEMBERS TAKE CONTROL OF THE ORGANIZATION. WHILE REVISING THE ARTICLES OF AGREEMENT TO PROVIDE FOR ACCESSION OF NEW MEMBERS, CIPEC ORIGINATORS GAVE THEMSELVES AS FOUNDER MEMBERS VETO POWERS ON IMPORTANT QUESTIONS OF ORGANIZATION AND POLICY.

3. DESPITE STRONG URGING, THE AUSTRALIAN DELEGATION PRIVATELY INDICATED AUSTRALIA WAS NOT INTERESTED IN JOINING THE ORGANIZATION IN ITS PRESENT FORM. IT PUBLICLY REITERATED AUSTRALIA'S POLICY OF SEEKING FAIR PRICES BUT NOT WANTING TO INTERRUPT THE FLOW OF SUPPLIES TO CONSUMERS. CANADA ALSO SHOWED NO RPT NO INTEREST IN MEMBERSHIP, BUT ALGERIA, IRAN, POLAND, UGANDA, AND YUGOSLAVIA DID IN VARYING DEGREES.

4. ONE NOTABLE ASPECT OF CONFERENCE WAS EMPHASIS ON COOPERATION WITH OTHER PRODUCER GROUPS FROM OPEC TO IRON ORE (REFTEL) AND HIGH VISIBILITY OF SIX-MAN ALGERIAN OBSERVER TEAM WHICH DILIGENTLY PROMOTED THIS IDEA. SPEAKING ON BEHALF OF MERCURY PRODUCERS ORGANIZATION, ALGERIAN OBSERVER TRIUMPHANTLY ANNOUNCED MERCURY PRICE HAD JUMPED \$10 ABOVE FLOOR PRICE ESTABLISHED AT ALGIERS MEETING.

5. ON OPENING DAY, ZAMBIAN PRIME MINISTER CHONA TOLD CIPEC TO GET DOWN TO BUSINESS OF PROTECTING COPPER PRICE AND EXPANDING MEMBERSHIP. CHILEAN MINISTER OF MINES, GENERAL YOVANE, DELIVERED ANGRY DISTRIIBE AGAINST THOSE WHO ARE WAGING QTE A DISGUSTING CAMPAIGN OF INSULTS UNQTE AGAINST CHILE. HE HARDLY MENTIONED COPPER. APPEARS PRINCIPAL CHILEAN AIM AT MEETING WAS RECONCILIATION WITH GRZ AND KAUNDA, WHO HEAVILY CRITICAL OF ALLENDE OVERTHROW. PRESIDENT RECEIVED YOVANE WARMLY AT STATE HOUSE RECEPTION, AND CHILEANS PLEASED WITH CONFERENCE OUTCOME. RESULTS THEIR INTENDED PITCH ON RESTORATION DIPLOMATIC RELATIONS UNCERTAIN. THE PERUVIAN MINISTER OF MINES, GENERAL MALDONADO, WHO APPEARED IN UNIFORM, ALSO LET HIS LATIN TEMPER RISE IN DENOUNCING THE EXPLOITATION LIMITED OFFICIAL USE

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OF RAW MATERIALS PRODUCERS BY INDUSTRIAL COUNTRIES. IN CONTRAST, THE ZAIRIAN MINISTER'S SPEECH WAS MODERATE AND BRIEF. EXTEMPORANEOUS REMARKS BY ZAMBIAN CHAIRMAN OF THE CONFERENCE, MINISTER OF MINES AND INDUSTRY KASHITA WERE CONCILIATORY. KASHITA SPOKE OF NEED FOR CLOSER UNDERSTANDING BETWEEN CONSUMERS AND PRODUCERS AND SAID ZAMBIA WANTED NO CONFRONTATIONS AND BLACKMAIL. HIS REMARKS WERE EXTENSIVELY REPORTED IN THE LUSAKA PRESS, WHICH TOOK SCANT NOTE OF THE CHILEAN AND PERU-

VIAN SPEECHES.

5. FULLER REPORT FOLLOWS BY AIRGRAM.
WILKOWSKI

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